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OVERVIEW OF PROGRAM

The USAID/Mexico Economic Policy Program (MEPP) began operations in May 2013. Its mission is to improve Mexican private sector productivity and competitiveness by supporting Mexico's efforts to strengthen public sector economic governance. MEPP does this through *policy change* (laws, regulations, program rules and design, and transparency) and *organizational capacity-building* (promoting best practices in operating procedures and information access, and human capital development).

The Mexico Economic Policy Program promotes six over-arching policy outcomes. On one hand, economic outcomes depend on numerous exogenous factors that foreign technical assistance cannot change. On the other hand, key Mexican institutions have a major impact on those outcomes, and can themselves be strengthened by carrying out reforms assisted by technical assistance. In this regard, MEPP promotes implementation of substantive reforms and improved practices within the governmental institutions and organizations that mostly direct impact achievement of these economic outcomes:

Outcome 1: Government funds promote private sector development and productivity. MEPP supports reform of rules and regulations that govern public sector spending programs, especially those that promote business start-up, growth and innovation, to improve transparency and effectiveness of government investments.

Outcome 2: Businesses face fewer obstacles to growth. MEPP produces specific proposals that make regulations affecting business start-up and operation more transparent and less costly. Proposals will focus on governance change at the national, state, and municipal level.

Outcome 3: Competition is improved. MEPP supports public sector actions that level the playing field in a given market. Our work strengthens regulations and institutional capacity to improve the accountability of corporations that engage in rent-seeking behavior, and to reduce barriers to entry for new competitors, especially in markets in which collusion is common.

Outcome 4: SMEs have greater access to private capital. MEPP produces proposals to modify rules and regulations of key financial sector institutions to improve the incentives and ability of small and medium-sized enterprises to attract private investment.

Outcome 5: Business transactions are more efficient and reliable. MEPP proposals seek to modify regulations and judicial processes that impose costs on businesses pursuing larger economic transactions, as well as those trying to resolve claims and disputes with other firms or organizations. The reforms will increase the transparency and reliability of government institutions, while reducing the time and expenditure required to undertake business transactions.

Outcome 6 (Cross-cutting): Citizens have greater access to public information. MEPP works with the Office of the Presidency to develop and launch mobile applications that increase the quality and quantity of governmental information available to individuals, NGOs and the private sector. Creation of mobile apps supports the federal government's commitment to improve public sector transparency and transactions between government agencies and citizens.

LIST OF ABBREVIATIONS

AMSDE	Mexican Association of State Government Development Secretaries
BANXICO	Mexican Central Bank
BMV	Bolsa Mexicana de Valores (Mexican Stock Market)
CFE	Federal Electricity Commission
CIDAC	Center of Research for Development
CIDE	Center for Research and Teaching in Economics
COFECE	Federal Economic Competition Commission
COFEMER	Federal Commission for Regulatory Improvement
CNA	National Water Commission
CNBV	National Securities and Banking Commission
CONACYT	National Science and Technology Council
CONAFOR	National Forestry Commission of Mexico
COP	Chief of Party
COR	Contracting Office Representative
CRE	Energy Regulatory Commission
EPU	Economic Productivity Unit (Ministry of Finance)
FAA	Foreign Assistance Act (United States)
FLACSO	Latin American School of Social Sciences
FONDESOC	Social Development Fund (of Mexico City)
FY	Fiscal Year
GDF	Gobierno del Distrito Federal (Mexico City Government)
GDP	Gross Domestic Product
GoM	Government of Mexico
IDB	Inter-American Development Bank
IFECOM	Federal Institute of Bankruptcy Specialists
IFT	Federal Telecommunications Institute
IJF	Institute of the Federal Judiciary
IMCO	Mexican Institute for Competitiveness
IMPI	Mexican Institute for Industrial Property
IMSS	Mexican Social Security Institute
INADEM	National Entrepreneurship Institute
INECC	National Institute of Ecology and Climate Change
INEGI	National Institute of Statistics and Geography
ITAM	National Autonomous Technological Institute
MFI	Microfinance Institution
NAFIN	Nacional Financiera (Mexican national development bank)
NGO	Non-Governmental Organization
NOM	Official Mexican Standard
PEI	Innovation Stimulus Program (under CONACYT)
PMP	Performance Monitoring Plan
PROFECO	Federal Attorney's Office of Consumer
PROMEXICO	Investment and Export Promotion Agency
RUG	Registro Unico de Garantias Mobiliarias (Non-real estate guarantee registry)
SAGARPA	Ministry of Agriculture, Cattle, Rural Development and Fisheries
SBA	Small Business Administration (United States)
SCT	Ministry of Communications and Transportation

SE	Ministry of Economy
SEDATU	Ministry of Agrarian, Territorial and Urban Development
SEDECO	Mexico City Secretariat of Economic Development
SEDESOL	Ministry of Social Development
SEMARNAT	Ministry of Environment and Natural Resources
SENER	Ministry of Energy
SFP	Secretaría de la Función Pública (Ministry of Public Administration)
SHCP	Ministry of Finance
SME	Small and Medium Enterprise
SRE	Ministry of Foreign Affairs
UAM	Metropolitan Autonomous University
UNAM	National Autonomous University of Mexico
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United States Government
WB	World Bank
WEF	World Economic Forum

INTRODUCTION

This document includes the Mexico Economic Policy Program (MEPP) FY 2015 Annual Report and the MEPP 2015 Fourth Quarterly Report. The Annual Report covers October 2014 through September 2015 and is divided into two sections: program status and work plan development. The Fourth Quarterly Report provides a detailed description of activity development and technical progress achieved from July through September 2015.

During FY 2015, the Mexico Economic Policy Program supported principal government counterparts to make major advances in governance reform. Pivotal achievements and impacts of MEPP's assistance include:

- Implementation of the youth entrepreneurship and innovation program *Atrévete a Empezar*, in which students and teachers from public universities learn how to propose ideas that evolve into start-ups.
- Preliminary definition of the structure of a public private partnership (PPP) to create a clean technology accelerator to incentivize green innovation.
- Launching of *Mi Negocio*, an electronic platform that provides information to local governments on startup procedures and documentation, encouraging transparency and producing greater regulatory certainty for businesses.
- Production of a public works toolkit for local governments to disseminate knowledge about best practices and guidance on acquisition of infrastructure and construction.
- Creation of a civic observatory for Mexico City's new airport, an open forum in which government leaders and NGO experts address economic, environmental, transportation and social impact issues and identify essential information for decision-making.
- Emergence of the Alliance for Competition as a forum for capacity-building for public servants and as an awareness-raising instrument that informs the general public about the principles and benefits of competition.
- Development of open data initiatives in municipal and state governments through the creation of *Red MX Abierta*.
- Creation of an electronic platform and database that provides real-time information on technical standards (NOMs) for manufactured goods and promotes transparency and regulatory certainty for businesses that seek to comply with standards.

ANNUAL REPORT

Programmatic highlights

Summary: From October 2014 to September 2015 (FY 2015), MEPP continued to strengthen its relationship with Mexican government counterparts and fostered new partnerships with other government agencies oriented towards fostering economic growth. Activities have started to produce significant governance results, and new areas of opportunity have emerged. Some activities have been modified to best fit counterpart needs and demands, and new high-impact activities have been added.



I. Government funds promote private sector development and productivity

A. Supporting state programs for SMEs

Atrévete a Emprender

Atrévete a Emprender CDMX (Dare to Start-Up) is an entrepreneurship program targeting public university students, teachers and researchers in Mexico to strengthen their capacities to create goods and services with significant potential for commercial success. The program is supported by MEPP in collaboration with Arrowhead Center (a business incubator near the Mexican border), Mexico City's Secretariat for Economic Development (SEDECO), Ministry of Public Education (SEP), and major academic institutions: Mexican National Autonomous University (UNAM), National Polytechnic Institute (IPN), Autonomous Metropolitan University (UAM), Mexico City Autonomous University (UACM) and the National Technological Institutes (TNM).

In November 2014, the SEDECO and selected researchers and business incubation leaders from participating universities received training from Arrowhead Center staff (New Mexico State University) on Lean Launch, a methodology that fosters rapid development of business proposals. The program kicked off formally on March 13, 2015, when teams of 2-4 members were invited to participate by submitting a 200-word business idea to enroll in the program. At the end of May, over 400 teams consisting of over 1,000 participants had submitted applications. All received personalized feedback from evaluators. Up to 10 finalists will be incubated at Arrowhead in 2016.

On July 30, 2015, participants attended “*Noche de Fracasos*” (Night of Failures), an event in which entrepreneurs shared stories about past mistakes that served as lessons for eventual success. The event concluded with the announcement of the 50 *Atrévete* finalists, who were invited to in-depth training sessions on Lean Launch by Arrowhead Center staff. In August the finalists delivered short video and live presentations of their *Atrévete* projects. Proposals were evaluated by Arrowhead specialists and evaluators from public universities. Results from the live and recorded pitches will determine selection of the second round, after which 25 finalists will participate in personalized workshops to further refine their proposals.

FONDESOL Electronic Tool

MEPP provided technical assistance to Mexico City's FONDESOL to develop a credit-scoring algorithm for SMEs to improve the Fund's beneficiary selection process, previously characterized by low repayment rates that threatened the financial sustainability of the fund. To formally implement the algorithm, in early April 2015, FONDESOL approved changes to operational rules governing the loan program, which now require an evaluation process to establish company need and credit risk level.

B. Promoting productivity through public sector programs

Mexico-United States Entrepreneurship and Innovation Council (MUSEIC)

On January 23, MEPP attended the Third Council Meeting of the Mexico-U.S. Entrepreneurship and Innovation Council (MUSEIC) in Monterrey, Nuevo León. MUSEIC was established in 2013 as a component of the bilateral High-Level Economic Dialogue (HLED) and works as a bilateral platform to promote and strengthen the cross-border innovation system. The Council is led by 24 members, 12 from each country, drawn from public, private, civil society and research institutions that promote high-impact entrepreneurship. The meeting, inaugurated by US Ambassador Earl Antony Wayne, defined strategic activities for 2015 for each subcommittee and advanced the Mexican government's proposal to create a new Subcommittee on Energy.

Value Chains

I. Policy Reforms

Since 2008, the Ministry of Economy (SE) has supported the development of indicators to evaluate the strategy, planning, and operation of companies from different industries and strategic sectors to create policies in supply chains and logistics. As a first approach to support SE strategy, MEPP completed data collection for a survey on the state of value chains, administered to representatives of businesses across eight key sectors: consumer goods, automotive, electronics, pharmaceutical, commerce, third-party logistics, manufacturing and textiles. To refine ways to interpret results from the survey, on March 12, MEPP hosted a workshop with logistics specialists. Final recommendations were presented at Mexico's largest annual conference on value chains efficiency, the Logistic Summit & Expo 2015, and to the SE, who indicated these findings will help them design a better strategy to promote collaboration among Mexican companies.

II. Textile Platform

The lack of reliable, up-to-date information on export-ready Mexican businesses hinders ProMéxico's ability to promote them in international markets. As a result, on January 8, a team from ProMéxico—led by Export Promotion Unit Chief Elena Achar—met with MEPP to discuss the development of an electronic platform to provide reliable, timely information for international manufacturers who seek capable SME Mexican suppliers of leather, footwear and jewelry. In September, MEPP launched the platform's website, www.mexicobusinessfashion.promexico.gob.mx. After registering with basic profile information, participants can then access an electronic dashboard that provides valuable information about industry events and production opportunities. On September 2-3, ProMéxico held the first international textile and clothing fair in Pachuca, Hidalgo, using the website as a tool to match attending national suppliers with buyers.

III. Energy Sector Trust Fund

Under the recently approved energy reform, large firms are expected to compete to sell goods and services in a liberalized market, creating significant opportunities for domestic suppliers. The Sub-Secretariat for Industry and Commerce (Ministry of Economy) requested MEPP technical assistance to re-design a trust fund (*fideicomiso*) that builds a supplier base for large companies in the energy sector. On June 2, MEPP organized a workshop headed by SE's Procurement Unit chief to discuss principles and specific objectives for the re-design of the trust fund for national suppliers and service providers in the energy sector. MEPP presented

deliverables outlining the strengths, weaknesses and areas of opportunity of the previous fund, best practices from similar funds, and recommendations to optimize resources. Final recommendations were presented in September. A key proposal divided projects into three categories: specific technical product development, compliance with industry standards, and cluster development. The study also proposed a deeper evaluation process involving more expertise for larger, complex projects. In a final step, MEPP will meet with the trust fund's committee to present recommendations and get feedback about the fund's strategy and structure.

PPPs for innovation

I. Azcapotzalco cleantech PPP

MEPP organized a risk assessment workshop for Cleantech Accelerator stakeholders that will provide entrepreneurs with resources to develop successful and sustainable clean technology companies. The first of its kind, the planned accelerator is a public-private partnership (PPP) between the NGO Green Momentum and Mexico City's Social Development Fund (FONDESO). Operations are slated to begin in 2016. The July 29 workshop explored a range of contractual issues, including branding, preliminary investments and revenue, mutual responsibilities and obligations, replication in other cities, contract vehicle alternatives and subsidy options, during early years of operation. In August and September, MEPP organized meetings with FONDESO and Green Momentum to review areas of risk and negotiated the allocation of potential costs and benefits. Future negotiations will focus on capital, resource allocation, and the share structure.

II. Jalisco PPPs

On August 18, MEPP carried out a field visit to Guadalajara, Jalisco, accompanied by staff from implementation partner Ethos. During the field visit, they applied and validated an evaluation methodology for PPP projects proposed by the state's Ministry of Innovation, Science and Technology. Jalisco's General Director of Administration confirmed that a trust fund could be a viable financial mechanism to establish a PPP, and the President of the Jalisco Agricultural Council expressed enthusiasm for a PPP to extract ingredients from agricultural products for application in food processing and medicine. The MEPP team also met with private sector stakeholders to assess their interest and ability to participate in an innovative PPP.

C. Supporting local economic reactivation

Reactivating economies in marginalized areas

On January 29, MEPP attended a meeting in Monterrey, Nuevo Leon, to determine the scope of an activity that would reactivate the economies of marginalized urban areas. Participants included José Antonio Torre, Director of [DistritoTEC](#), and officials from the [Innovation and Technology Transfer Institute](#) (I2T2). In a second visit to the city on August 24, players explored the possibility of developing a PPP to carry out R&D activities in high-impact economic sectors. They met and discussed legal parameters to attract private investment, including clear allocation of risks and benefits to the university and participating companies.

In parallel, on June 24, MEPP staff presented a deliverable to Mexico's Ministry of Interior (SEGOB) that contained policy recommendations to create economic opportunities for these regions. Based on the study's recommendations, the General Director from the Inter-Ministerial Coordination (Sub-Secretariat for Civic Participation) requested MEPP's support to develop a guidance manual for local government officials.



2. Businesses face fewer obstacles to growth

A. Streamlining business procedures

Empresa al instante

In January, MEPP presented *Empresa al Instante* (Rapid Start-Up) to local governments. The regulatory streamlining proposal enables start-up companies to begin operations before completing all governmental documentation and registration procedures. *Empresa al Instante* would not exempt companies from filing and registering, but rather allow them to formally start up and generate sales while completing the government requirements—thereby significantly reducing the time and cost of starting up a business. In the first attempt to implement the platform, MEPP staff met with officials from the state of Veracruz and Yucatán and four municipalities within those states (Xalapa, Veracruz, Merida and Progreso) to identify specific regulations that must be changed to allow business to immediately begin operations.

Local regulations to entrepreneurship

On June 25, MEPP finalized the *MiNegocio* website, www.minegociomexico.mx—an online platform that provides information on startup procedures and documentation, employer obligations and rights, inspection and sanction procedures, and the names of certified inspectors. Content is drawn from data provided by six pilot municipalities of the State of Mexico: Toluca, Huixquilucan, Metepec, Lerma, Chalco and Tenango del Valle. The administrative and IT personnel from each pilot municipality previously received training in open data. Findings from the pilot suggest that upscaling the initiative will require additional investment to teach local governments how to clean and upload data in exportable formats, and help them to learn technical skills and develop specialized divisions on open data.

B. Reducing obstacles to high impact entrepreneurship

Obstacles to high impact SMEs

In October 2014, the first phase of MEPP's High Impact SME project formally concluded with a report to the National Entrepreneurship Institute (INADEM) that defined a high impact business using two main variables: production (sales) growth and innovation level. MEPP met with INADEM's General Director for Entrepreneurship Programs and Financing to present results and agreed to implement a survey to define obstacles faced by high impact SMEs and propose public policies to minimize these obstacles. Survey results are based on a representative sample of business in Mexico City's metropolitan area and were presented to INADEM on March 19. The Institute stated that it will use the survey's findings to design programs for companies with the greatest potential for productivity, growth and innovation.



3. Competition is improved

A. Procurement best practices

Public works toolkit

In October 2014, MEPP produced a local government toolkit on bidding and acquisition of public works (infrastructure and construction). It contains a checklist matrix that covers planning, bidding, contracting and project execution, with indicating tasks, corresponding public sector authorities, and flow charts that provide graphic summaries of each step. The toolkit will complement a model law being developed with MEPP technical assistance, and will be available

as a user-friendly electronic tool for municipal authorities to track their progress in public works procurement, ensure compliance with best practices and disclose information to the public. The toolkit's main findings were presented on February 19, 2015 to the Federal Economic Competition Commission (COFECE).

USTDA Visit

MEPP staff helped USAID organize a series of meetings from May 18-22 for two visitors from the United States Trade Development Agency (USTDA), Andrea Lupo and Elizabeth Johnson. The visit explored technical assistance opportunities for Mexican government organizations seeking to reform the bidding and procurement process for infrastructure and construction, with a particular focus on methodologies for determining “best value for money.” MEPP organized consultations with the Federal Electricity Commission (CFE); Federal Auditing Office (ASF); the Mexican Senate; Organization for Economic Development and Cooperation (OECD); Federal Economic Competition Commission (COFECE); México Evalúa; CIDE; IMCO; and IMEXDI.

ICT Goods & Services

In March 2015, MEPP produced “*Diagnosis of Legal-Regulatory Framework for the Acquisition of Digital Services in Mexico*.” The report includes a description of public procurement frameworks, international best practices on similar challenge-based competitions, Mexico’s legal framework, barriers on Mexican public ICT procurement, the evaluation process used during *Retos Públicos* pilot stage, and recommendations to improve it. Based on the document, the National Digital Strategy Coordination will consider specific policy changes required to institutionalize *Retos Públicos* into the ICT legal framework.

IMSS pricing analysis

MEPP and the Mexican Institute for Social Security (IMSS) are developing an analytical tool to reduce anti-competitive bidding practices that affect one of the country’s largest purchasers of medical goods and services. As a first step to this commitment, Dr. Regina García Cuellar, IMSS Director of Strategic Institutional Planning, and Sean Jones, USAID/Mexico Mission Director, signed a Memorandum of Understanding. The planned tool will identify collusion and price fixing practices during the purchase process of medicine, medical devices, and integral services, and therefore encourage competition between providers. Improving the efficiency of the IMSS purchasing process is expected to translate into less expensive and higher-quality medical supplies for millions of IMSS beneficiaries.

Transparency and efficiency in CDMX Airport

Mexico City’s new international airport is scheduled to open in 2021, with estimated first-phase construction costs of 169 billion pesos—over US\$11 billion—making it the costliest infrastructure project ever undertaken in Mexico. In an unprecedented effort to ensure transparency, MEPP, civil society and government leaders inaugurated the **Citizen Observatory for Mexico City’s New Airport** (**ObservatorioNAICM**) in October 2014. They spent the following months convening public forums to address competition and economic development impact, environmental and social issues, and urban planning. On April 22, the Observatory held a press conference to present a [position paper](#) outlining informational challenges in planning. The study focuses on four main areas: environment, competition and economic impact, urban development, and social impact. In addition, MEPP developed the observatory website—

www.observatorionaicm.mx—which will serve as civil society’s window for transparency on airport challenges and decisions for years to come. On July 21, the Observatory held its first meeting with government organizations to discuss hydrologic aspects of the new airport. Members submitted questions regarding hydraulic infrastructure to representatives from National Water Commission (CONAGUA), the Secretary of Communications and Transportation (SCT), and the Mexico City Airport Group (GACM). Public officials pointed out that most hydraulic work focuses on improving the water, sanitation, and safety of nearby communities. Observatory members recommended that information shared during the meeting be made publicly available to improve civil society’s understanding of the airport and its benefits for the Mexico City area.

B. Strengthening regulatory capacity

Judicial Regulator Diplomado

MEPP and the British Embassy worked with Mexico’s Federal Judicial Institute (IFJ) to develop and conduct a six-month course (*diplomado*) on technical and legal aspects of competition law and regulation. On February 5, the IFJ congratulated the first 100 graduates of this capacity-building initiative for decision-makers. The course helped establish common knowledge among the federal regulators who investigate and prosecute anti-competitive practices and the federal judges who hear those cases and issue binding decisions.

Competition Alliance

The *Alianza por la Competencia* (Competition Alliance) launched in August 2014, and is a first-of-its-kind collaboration among government institutions, international development organizations, Mexican civil society, and academic researchers to improve competition through capacity-building, research on international best practices, and public outreach and education. Its members include: the Federal Commission for Economic Competition (COFECCE), the Federal Telecommunications Institute (IFT), the Federal Judiciary Institute (IFJ), USAID, the British Embassy, the Mexican Institute for Competitiveness (IMCO), the Center for Research and Teaching of Economics (CIDE), the Center for Research and Development (CIDAC), OECD, IADB, and the World Bank. The Alliance’s first major initiative was the capacity building course *Diplomado*, which was offered to federal regulators and judges (see above), and on March 27, it held its first operational work meeting. During the year, the Alliance organized and hosted events on: “Promoting Competition Awareness in Mexico” (March 26), “Competition vs Regulation: Efficiency vs. Capture” (May 12), a trilateral conference with U.S. and Canadian antitrust agencies to discuss competition law enforcement (May 21), dawn raids (unannounced inspections to gather evidence, June 22-23), Event presentations, news and publications are available on the Alliance for Competition website, www.alianzaxcompetencia.mx.

Liquid fuel retail

In December 2014, MEPP launched a project to evaluate Mexico’s liquid fuel sector and propose regulatory reforms to create a robust, competitive retail market for gasoline, diesel, and airplane fuels. USAID will support Mexico’s Energy Regulatory Commission (CRE) by proposing and justifying measures to reduce prices and increase choices for Mexican fuel consumers. The study will enable CRE to present Mexico’s first comprehensive proposal to open up distribution of liquid fuels. In the first stage of the project, MEPP met with CRE’s Chief of Staff and Chief of Regulation to present 10 recommendations derived from international experience.



4. Greater SME access to private capital

A. Innovative financing mechanisms for SMEs

Stock market inclusion

The Mexican Stock Market (BMV) is dominated by a handful of large corporations that have maintained their position for over a decade. On June 29, MEPP partner Mexican Institute for Competitiveness (IMCO) held a press conference to present findings and recommendations to make the BMV more inclusive, based on its study, “Reducing barriers to entry in the Mexican stock market” ([Read more.](#)). IMCO proposed several public policy interventions to help “democratize” stock market participation and allocate investment capital to more firms. On March 12, MEPP met with the President of the National Banking and Securities Commission (CNBV) to present the study’s main findings. After the meeting, CNBV staff indicated that they would select one or two recommendations for MEPP to develop into specific policy changes.

CDMX Seed Capital Fund

MEPP is providing technical assistance to Mexico City’s municipal government to design and launch a seed capital program focused on finance and strategic assistance to innovative and high impact SMEs. On January 15, Arrowhead Institute and MEPP staff met with top officials from the National Development Bank (NAFIN) an entrepreneurship capital fund that is providing matching resources to augment Mexico City’s program. The meeting resulted in an agreement on specific beneficiaries (students), economic goals, and its public communication strategy.



5. Improved Commercial Transactions

A. Improving the system for secured transactions

Operationalizing guarantees

Over the past year MEPP has provided technical assistance to the Ministry of Economy and Mexico City’s Judiciary (*Poder Judicial*) to improve secured transactions for small Mexican business, focusing on the use of the Consolidated Register of Guarantees (*Registro Único de Garantías – RUG*). In principle, the RUG facilitates financing to SMEs by securing loans through non-real estate assets of SMEs, such as equipment, vehicles, and inventory. In practice, however, the RUG is rarely used. On June 18, the Distrito Federal Supreme Judicial Tribunal (TSJDF) and MEPP partner Mancera S.C. signed an Agreement to collaborate on the analysis of real RUG claims brought before the court. The Agreement, which protects personal information included in case files, expresses the court’s intention to identify which parts of the current legal process impose costs or create uncertainty, therefore undermining the effectiveness of the RUG and creating disincentives for potential lenders to use it. The Agreement represents an unprecedented government action to leverage third-party evaluators to propose institutional changes to strengthen the reliability and effectiveness of secured transactions.



6. Citizens have greater access to public information and participate in public policy design

A. Open Data Ecosystem

Red MX Abierto

Red México Abierto (Open Mexico Network) was launched on February 20, with MEPP technical assistance, to promote open data initiatives in municipal and state level governments. The platform develops an open data community of practice, built on a model of collaboration and specialized technical support. MEPP developed a toolkit that gathers technical and editorial tools to implement an Open Data policy. From August 2014 to February 2015, seven participants (three states and four municipalities) participated in a pilot and achieved tangible results, including municipal regulations on open data and software applications.

Applications

I. Retos Públicos

On October 2, 2014, USAID co-hosted a panel with the National Digital Strategy from *Presidencia* to present *Retos Públicos* (Public Challenges), a platform that invites Mexican companies to propose innovative digital solutions to government challenges. Through its site, www.retos.gob.mx, government institutions are invited to openly call the community of entrepreneurs to compete in the public procurement process. In an initial stage, five finalists are selected by a non-governmental committee, and each receives a grant to develop functional prototypes; in a final phase the winner is awarded a contract of up to \$350,000 MXN (about USD \$21,000) to fully develop the application.

During its first phase, Codeando México, an NGO dedicated to open government, implemented a pilot by launching 11 Public Challenges with nine government federal agencies. App solutions include:

- 1) RetoForestal: (Ministry of Environment and Natural Resources, SEMARNAT) reduce illegal logging through better forest monitoring.
- 2) ExperTIC: (Infotec, public center of research and technological development) link public servants to IT capacity building programs.
- 3) RetoGobMX: (Ministry of Public Administration, SFP) develop a mobile solution for the website www.gob.mx, platform that contains information related to paperwork and government procedures for citizens.
- 4) DenunciaLaCorrupción: (Ministry of Public Administration, SFP) allow citizens to report acts of corruption and follow up their complain.
- 5) Reto071: (Federal Electricity Commission, CFE) report electricity outages to CFE
- 6) CatalogArte: (National Science and Technology Council, CONACYT) create an accessible digital catalogue of public art expositions.
- 7) Descubriendo Tu Ruta: (Ministry of Communications and Transportations, SCT) application to allow users to trace their routes, including costs and estimated time.
- 8) Voluntarios: (Ministry of Interior, SEGOB) links citizens with volunteer opportunities.

- 9) Consume Sano: (Federal Attorney's Office of Consumer, PROFECO) online game through which children learn about healthy nutrition in an engaging way.
- 10) Reto Alerta MX: (Ministry of Interior, SEGOB) generates alerts of natural disasters to prevent citizens.

In September 2015, three *Retos* winners signed contracts to develop three applications: RetoForestal, Reto Alerta MX, and Reto071. In addition, a previous contract winner delivered the completed ExperTIC platform.

II. NOMs

Mexico has historically not had a consolidated, searchable list of official standards for manufactured products (called NOMs), making it difficult for companies—particularly smaller ones—to comply. To address this gap, MEPP developed the I3T Platform, which offers information, technology and transparency in real-time. All existing NOMs have now been incorporated into one user-friendly application, www.noms.imco.org.mx, and will be migrated to the Ministry of Economy website in the near future. On April 13, MEPP partner Mexican Competitiveness Institute (IMCO) publicly launched the platform at the Open Government Partnership Forum in Mexico City, and on June 25 presented it at Mexico's National Standards Forum before 300 industry and government stakeholders.

FOURTH QUARTERLY REPORT FY 2015

TECHNICAL PROGRESS TOWARD POLICY AND INSTITUTIONAL CAPACITY RESULTS

During the fourth quarter of FY 2015, MEPP made significant progress on key activities and deepened its impact on Mexican public sector economic governance. Major achievements include: progress in *Atrévete a Emprender* finalists selection, delivery of final recommendations for the re-design of a trust fund to promote energy sector suppliers, launching a website that links small providers to large international companies in the fashion industry, government validation of a civic observatory for Mexico City's new airport, and development of a software application through a Public Challenge. During the quarter, MEPP completed two technical deliverables (see **ANNEX 4**).

This quarterly report presents technical progress and governance achievements resulting from MEPP activities. It presents modified targets, as defined under our revised Monitoring and Evaluation Plan (MEP). The modified targets were formally approved by USAID on October 8, 2015, and replace the targets previously used in the Performance Management Plan. As per guidance from the COR, MEPP will begin using the revised MEP targets for the FY 2015 Fourth Quarterly Report. The main target modifications are as follows:

- The previous LPI (policy and regulation) target was 24 endorsed or adopted. The revised LPI target is 14 endorsed.
- The previous LP2 (institutional capacity building mechanism) was 4 adopted. The revised LP2 target is 8 adopted.
- The LP3 (training) target remains unchanged, at 2,400 trained.

As of September 30, 2015, achievements included:

- **Eight** policy proposals endorsed, (**four** of which have been adopted by counterparts).
- **Six** institutional capacity mechanisms adopted by counterparts.
- **Two** software applications launched to improve public sector governance.
- 803 people trained this quarter, resulting in a life-of-project total of **2,967** trained.

ANNEX 3 presents training carried out this quarter by event.



I. Government funds promote private sector development and productivity

A. Supporting state programs for SMEs

Atrévete a Emprender

MEPP supports Mexico City's Social Development Fund (FONDESOC) to design and implement *Atrévete a Emprender* (Dare to Start Up), a program that encourages young people to develop business proposals for start-ups with high growth potential. Applicants form teams of 2-4

students, alumni, researchers or professors from local public universities to develop and propose their business ideas. Since its March launch, the *Atrévete* program has received over 400 proposals from over 1,100 applicants.

On July 30, approximately 600 students, graduates and researchers attended “*Noche de Fracasos*” (Night of Failures), an event that brings together successful entrepreneurs to share stories about past mistakes and missteps that taught lessons leading to eventual success. The event prepared aspiring entrepreneurs for inevitable setbacks and frustrations, created an atmosphere of community and camaraderie, and allow hard-working students to enjoy themselves with colleagues with similar interests. USAID Mission Director Sean Jones inaugurated the event with congratulatory remarks, humorously shared some of his own past blunders to get the audience into the spirit of the night, and encouraged the students to “learn to take advantage of one’s failures.” The event finished with the formal announcement of the 50 *Atrévete a Emprender* team finalists that will continue on to the next stage: training in the “lean launch” methodology (practice that prioritizes commercial viability and growth potential) by MEPP subcontractor Arrowhead Center, an incubator based at New Mexico State University. After two more elimination rounds, up to 10 start-up businesses will be formally incubated at Arrowhead.

On August 12-13, MEPP and FONDESOC organized a “Running Lean Masterclass” given by Arrowhead Center to about 90 *Atrévete* participants. The courses were offered at two local business development centers, Start-Up Mexico and Impact Hub, to show students how to improve their business models through interviews with potential customers and potential partners, and to prepare them for their business pitch, given two weeks after.

From August 23-27, teams submitted a six-minute video pitch, and delivered live presentations of their projects to an evaluator jury composed of Arrowhead start-up specialists and members of public university incubators, who were previously trained on the lean launch methodology with MEPP support. Examples of promising projects included: a phone charger that stores electricity from energy produced from body movement, a natural pesticide derived from the Neem tree, and a tea that reduces insulin dependence of diabetics. Results from the live and recorded pitches will determine selection of the second round, after which 25 finalists will participate in personalized workshops to further refine their proposals. Up to 10 finalist teams, announced in early December, will be incubated by Arrowhead Center in 2016.

On September 23, MEPP invited 12 *Atrévete a Emprender* finalists to the Innovation and Business Forum organized by the business association COPARMEX. At the event finalists met with experienced entrepreneurs and pitched start-up ideas. *Atrévete* participants said the event provided a unique opportunity to learn about investment and commercialization.

B. Promoting productivity through public sector programs

Value Chains

1. Value Chain Policy

MEPP presented final deliverables of its value chain policy activity to Raúl Rendón, General Director of Commerce, Services and Innovation from the Ministry of Economy. At the July 16 meeting, MEPP shared main findings of a late 2014 survey on development and efficiency of supply chain practices at Mexican companies in different economic sectors. The survey results and analysis helped MEPP identify supply chain weaknesses in auto companies, as well as

opportunities for promoting competitiveness. The survey also revealed that collaboration among suppliers and clients results in stronger value chain performance. The Ministry of Economy indicated that these findings will help them design a strategy to promote collaboration among Mexican companies, reducing time and costs.

II. Energy Trust Fund

Mexico is redesigning its trust fund for national energy sector suppliers, which previously focused solely on oil. On July 25, MEPP presented a second deliverable to the trust fund administrator, Hector Marquez, Unit Chief of the Procurement Unit of the Ministry of Economy. The deliverable identified and evaluated: characteristics, strengths, weaknesses and areas of opportunity of the previous fund; best practices in similar fund and supplier development programs; and recommendations for the re-designed fund to best use its resources.

In Villahermosa, Tabasco, on August 12, MEPP staff interviewed several primary and secondary (Tier 1 and Tier 2) suppliers to Pemex, Mexico's public sector oil company, to gather information that would help the Ministry of Economy understand weaknesses, strengths, risks and areas of opportunity that current suppliers perceive about Mexico's energy reform. One of the main findings from the interviews was that small companies in Tabasco (TI) do not engage in manufacturing, but rather distribute products and services, indicating that industrial R&D resources from the fund would likely not benefit SMEs in Tabasco—or would have to be substantially modified to help smaller companies transition to manufacturing activities.

On September 4 and 7, MEPP presented final recommendations for the trust fund redesign including: divide projects based on priority areas for the industry into three categories: comprehensive projects, compliance with industry standards, and cluster development projects; and a deeper evaluation process involving more expertise for large, complex or expensive projects than for smaller, simpler ones. In October, MEPP will meet with the trust fund's technical committee to present these recommendations and obtain feedback from the authorities responsible for determining the fund's structure and strategy.

III. Textile Platform

In September, MEPP launched the website, <http://mexicobusinessfashion.promexico.gob.mx/>, developed with ProMéxico as a platform that links fashion industry suppliers to national and international buyers. Participants register by submitting basic profile information, and will then have access to an electronic dashboard that provides valuable information about industry events and production opportunities. Buyers can obtain a list of qualified providers while maintaining their anonymity. Suppliers can provide information about their industrial capacities and product offerings, as well as register for events that include buyers of interest. On September 2-3, ProMéxico held the first international textile and clothing fair in Pachuca, Hidalgo. ProMéxico staff reported that the website enabled the agency to invite appropriate national suppliers to meet with buyers at that event and support follow-up discussions.

Innovative PPPs

I. Workshop for Azcapotzalco cleantech PPP

MEPP organized a risk assessment workshop for stakeholders in the creation of Cleantech Accelerator that will operate in Azcapotzalco in 2016. The accelerator will operate as a first-of-its kind public private partnership (PPP) by the NGO Green Momentum on behalf of Mexico

City's Social Development Fund (FONDESO). The July 29 workshop explored issues such as branding, preliminary investments and revenue, mutual responsibilities and obligations, replication in other cities, contract vehicle alternatives and subsidy options during early years of operation.

On August 19 and September 19, MEPP organized meetings with FONDESO and Green Momentum to review areas of risk and negotiated allocation of potential costs and benefits. The accelerator would provide entrepreneurs with resources needed to develop successful and sustainable clean technology companies, such as laboratory testing, mentoring, infrastructure, administrative and legal counseling and access to financing opportunities. Future negotiations will focus on capital, resource allocation, and the structure of shares.

II. Guadalajara field visit

On August 18, MEPP carried out a field visit to Guadalajara, Jalisco, accompanied by staff from implementation partner Ethos, to apply and validate an evaluation methodology for PPP projects proposed by the state's Ministry of Innovation, Science and Technology. Ministry officials expressed satisfaction with the methodology and committed to providing technical and financial information needed to carry out a robust evaluation and select a final "executive project." In addition, Jalisco's private and public sector were interested in participating: Jalisco's General Director of Administration confirmed that a trust fund (*fideicomiso*) could become a viable financial mechanism to establish a PPP. The president of the Jalisco Agricultural Council expressed enthusiasm for a PPP to extract ingredients from agricultural products for food processing and medical applications. The president of the local chapter of the National Chamber for Electronic, Telecommunications and Technology Industries (CANIETI) proposed mentorships to help entrepreneurs convert innovative ideas into commercial prototypes to attract investors, and private sector stakeholders assess their interest and capacity to participate in an innovative PPP.

C. Supporting local economic reactivation

Economic Reactivation of marginalized areas

On August 24, MEPP visited Monterrey, Nuevo Leon, to receive a progress report from Distrito Tec staff on the Innovation Cluster initiative, and to explore developing a PPP to carry out proposed R&D activities in high-impact economic sectors. The meeting was led by Jose Antonio Torre, head of the Distrito Tec project, who described basic parameters of a legal mechanism to attract private investment by clearly allocating risks and benefits to the university and participating companies that build facilities and carry out research within the Distrito Tec area. Torre also mentioned that Distrito Tec had met with transitional teams of the new municipal and state governments to include new political leadership in the decision-making process, which will eventually lead to specific proposals for public policy reforms that boost incentives for local investment and re-location.



2. Businesses face fewer obstacles to growth

A. Streamlining business procedures

Empresa al Instante

On September 21, MEPP staff met with Elsa Ayala, General Director of Commercial Regulation at the Secretary of Economy, to assess progress and next steps on "Empresa al Instante" (Rapid

Start-Up). The project involves active participation of federal, state and municipal government, since it consolidates business licensing procedures at all three levels within a single platform. The federal government has validated a streamlined legal entity, *Sociedades Simplificadas*, which will reduce time needed for a low-risk business to comply with federal requirements for starting up. In parallel, MEPP is working with the states of Yucatán and Veracruz (and several of their municipalities) to formally adopt a decree—developed through MEPP technical assistance—that achieves the regulatory alignment needed to make rapid start-up a reality. Once adopted by a few pioneers, other local governments would have incentives to adopt the decree.

Morelos Property Reform

MEPP met with high-level government officials from the State of Morelos on August 23, including Secretary of Finance Adriana Flores, Secretary of Sustainable Development Topiltzin Contreras, and Executive Secretary to the Governor Elizabeth Anaya. The officials delivered presentations about the challenge of regularizing and formalizing ownership of property in different areas throughout the state—and acknowledged that Morelos has the lowest percentage of regularized land in Mexico. They proposed that MEPP focus its technical assistance on private land held by individuals and households, rather than communal lands (e.g., *ejidos*), which will require deeper reforms for formalization. MEPP assistance looks to help the Morelos government adopt policy reforms that allow informal or quasi-formal landowners and homeowners to obtain formal property titles needed to gain access to credit, public education and social services, and to properly sell assets. Land regularization is also expected to boost public revenues by increasing the number of people who pay property tax.



3. Competition is improved

A. Procurement best practices

Transparency and efficiency in CDMX Airport

Members of the MEPP-supported Citizen Observatory for the Mexico City Airport discussed hydrologic aspects of the new airport with representatives from the National Water Commission (CONAGUA), the Secretary of Communications and Transportation (SCT), and the Mexico City Airport Group (GACM) on July 21. After reviewing publicly available information, members of the Observatory had submitted questions to better understand hydraulic infrastructure to reduce the risk of flooding. Additional questions focused on progress to date and budgetary resources available for the construction. Public officials said most hydraulic work focuses on improving water, sanitation and safety of nearby communities. Observatory members recommended that information shared during the meeting be made publicly available to improve civil society's understanding of the airport and its benefits for the Mexico City area. The Observatory expects to participate in future meetings with government organizations to discuss environmental, economic, and mobility issues. The government's invitation for Observatory members to participate in the meeting signals important progress in civic oversight of public infrastructure projects, and demonstrates the impact of USAID assistance on improving transparency and accountability in government contracting, planning and spending.

B. Strengthening regulatory capacity

Competition Alliance

Although Mexico recently introduced new reforms to improve economic competition, most businesses are not even aware that common anti-competitive practices are illegal. In response, MEPP supported an August 25 press conference with Alejandra Palacios, President of the Federal Commission for Economic Competition (COFECCE) and Gerardo Candiani, President of Mexico's Business Coordination Council (CCE), to present educational materials focused on creating a culture of competition within the private sector and among the general public. These [educational resources](#) include four publications that describe the new institutional framework for competition as well as the rights and obligations of the private sector.

In addition to the MEPP efforts to strengthening regulatory capacity, the Alliance for Competition—a unique effort to promote a culture of competition through the collaboration of regulators, judicial officials, international organizations, the policy research community and civil society—celebrated its first anniversary on September 24, looking back at a year of accomplishments, outlining upcoming activities, and welcoming public sector newcomers, including the Ministry of Economy, the Federal Attorney's Office for Consumers (PROFECO), and the Commission for Energy Regulation (CRE).

During the event, a video developed by CIDAC and MEPP was presented, in which IMCO director Juan Pardini emphasized the initiative importance as a space to share experiences that will strengthen the institutes for economic competition. USAID Mission Director Sean Jones also appeared in the video, stating “the Alliance is important for Mexico to foster a culture of competition among entrepreneurs and governments.” CIDAC Director Verónica Baz called the Alliance “an effort to accelerate” the technical capacity needed by regulating agencies and specialized judges, while COFECCE President Alejandra Palacios said that “to attain a culture of competition, an alliance with society at large is crucial.”



4. Greater SME access to private capital

A. Innovative financing mechanisms for SMEs

CDMX Seed Capital

The Mexico City Government has leveraged \$3.5 million to create a seed capital fund, part of which is expected to be available to *Atrévete a Emprender* finalists. In September, MEPP provided technical assistance to finalize design of a Private Placement Memorandum, endorsed by FONDESOC to be used for the upcoming tender in which Mexican business development investment funds will be invited to become the implementing co-investment partner. The CDMX Fund will finance and provide strategic assistance to innovative and high impact SME projects.

Applications

Retos Públicos

Retos Públicos (Public Challenges) is a digital platform that invites federal government agencies to propose digital solutions that benefit citizens. MEPP works with the Office of the President's National Digital Strategy Coordination unit (CEDN) to invite small developers to participate in public IT procurement. The program has launched 11 challenges with nine public sector

organizations. Selected companies win government contracts for at least \$350,000 MXP (US\$21,000). In September, three *Retos* winners signed contracts to develop applications related to: reducing illegal logging through better forest monitoring (Ministry of Environment-SEMARNAT), generating alerts about natural disasters (Ministry of Interior-SEGOB), and reporting electricity outages to the Federal Electricity Commission (CFE). In addition, a previous contract winner delivered a completed electronic platform that links government officials to IT capacity building programs (for the public sector IT organization Infotec).

ADMINISTRATIVE

I. USAID Audit and Option Years

On August 6 the USAID Office of Acquisition & Assistance issued Modification No. 8 to the Mexico Economic Policy Program (Contract No. USAID 523-C-13-00001). The Modification attaches a Statement of Work for the contract option years that focuses on two fundamental governance areas: public sector procurement and open government. The Modification also corrects language to delete option year date specifications as this is a Cost Plus Fixed Fee (CPFF) Completion type contract. In September, USAID formally obligated funding for MEPP to continue operating during the option years. Accordingly, MEPP staff has begun preparations to create a new Work Plan and Monitoring Evaluation Plan to run from April 2016-April 2018.

From July 13-28, three members of the USAID Regional Inspector General office carried out a performance audit of USAID/Mexico's Mexico Economic Policy Program. MEPP staff provided extensive support in arranging interviews with key stakeholders in USAID-supported activities, including implementing partners, consultants and government counterparts. Meetings with government counterparts receiving USAID/MEPP technical assistance included: Ministry of Finance (SHCP), Ministry of Economy (SE), Mexico City Social Development Fund (FONDESO), Federal Commission on Economic Competition (COFEC), Energy Regulatory Commission (CRE), National Entrepreneurship Institute (INADEM), Ministry of Governance (Segob), Mexican Social Security Institute (IMSS), Office of the Presidency, Mexico City Airport Authority, and the National Council on Science and Technology (CONACYT).

II. Upcoming Activities

In the first quarter of FY 2016 (October – December 2015) MEPP will carry out the following activities:

- *Atrevete a Emprender*: Pitches and capacity-building for finalist teams, selection of 8-10 winners to be incubated, early December closing ceremony for first generation.
- Economic Development Agency: Presentation of final deliverable and operational recommendations to President of National Entrepreneurship Institute (INADEM).
- Productivity in Public Sector Spending: October event to launch the second generation of the productivity self-assessment tool for the finance ministry's Economic Productivity Unit.

- Energy sector value chains: Final deliverable and presentation of recommendations for re-design of Ministry of Economy trust fund on energy sector providers.
- Innovative PPP: Draft contract for public-private partnership between CDMX and Green Momentum to operate the cleantech accelerator Clean Future Labs.
- Empresa al Instante: Adoption of state government decrees adopting Empresa al Instante protocols for simple business pre-license.
- Morelos property rights: Preliminary draft of findings and recommendations for streamlined land titles for marginalized landowners.
- IMSS pricing analysis: Delivery of operational software tool and capacity-building for IMSS staff.
- State government competition: Final delivery of competition analysis for five economic sectors, preliminary guidelines for model laws.
- Expat investment fund: Preliminary findings and recommendations for fund design targeted at US-based investors seeking to invest in productive Mexican projects.
- CDMX seed capital fund: Final decision by Mexico City FONDESO on mechanism to launch or participate in seed capital fund targeting innovative SMEs.

III. Projections Report FY 2015 Fourth Quarter

APPROVED BUDGET LINE ITEM	FUNDED AMOUNT	Estimated to be Billed through Q4 of FY 2015	Estimated to be billed for FY 2016 - Quarter 1 (1) (2)	Total Expenses Projected to be invoiced Inception through Q1 2016
Labor (HO and Site Office)		\$1,513,322.80	\$210,000.00	\$1,723,322.80
Other Direct Costs		\$5,794,652.03	\$945,000.00	\$6,739,652.03
Indirect Costs		\$1,988,739.85	\$305,650.00	\$2,294,389.85
Grants Fund		\$0.00	\$55,000.00	\$55,000.00
Fixed Fee		\$511,319.42	\$77,785.00	\$589,104.42
TOTAL	\$20,335,153.00	\$9,808,034.10	\$1,593,435.00	\$11,401,469.10

(1) May include consultant & subcontractor costs incurred during previous months but billed in current period.

(2) Includes site office costs from previous month but billed in current period due to Abt's accounting cycle

CONCLUSION

The Mexico Economic Policy Program ended FY 2015 with significant achievements in private sector development, promotion of competition and open government. The Program remains on track to meet and exceed work plan targets for policy/regulatory change and the adoption of institutional capacity-building mechanisms. During the first quarter of FY 2016, MEPP will continue implementation and close out activities programmed to end by March 2016, while launching an intensive round of counterpart consultations needed to define upcoming activities for April 2016 to April 2018.

ANNEX I: MEPP Activity Summary Matrix

<ol style="list-style-type: none"> 1. Supporting state programs for SMEs 2. Strengthening the impact of federal programs 3. Promoting productivity through public sector programs 4. Supporting local economic reactivation 	<ol style="list-style-type: none"> 1. Streamlining business procedures 2. Reducing obstacles to high impact entrepreneurship 	<ol style="list-style-type: none"> 1. Procurement best practices 2. Strengthening regulatory capacity 	<ol style="list-style-type: none"> 1. Innovative financing mechanisms for SMEs 	<ol style="list-style-type: none"> 1. Improving the system for secured transactions 2. Deepening financial system
Government funds effectively promote private sector development and productivity	Businesses face fewer obstacles for growth	Competition is improved	Regulatory reform improves SME access to private capital	Business transactions are more efficient and reliable
Beneficiaries of GOM spending programs increase product, growth or value added	Costs or time to start up or operate a business are reduced	Prices of goods or services are reduced, or quality and choice are increased	Businesses obtain a higher proportion financing through private capital	Higher volume and number of formal commercial transactions among SMEs
<p align="center">Digital Government and Open Data</p> <p align="center">Citizens have greater access to public information and participate in public policy design</p> <ol style="list-style-type: none"> 1. Open data ecosystem 2. Applications 				

ANNEX 2: MEP (Monitoring and Evaluation Plan)

achieved this quarter – QR4 FY15	Cumulative Indicator Achievement				
	LP1 ¹		LP2 ²	LP3 ³	
Outcome 1 - Private Sector Development	Endorsed	Adopted	Adopted	Women	Men
1. Local government SME support					
a. FONDESO Electronic Tools			2		
1. Risk assessment					
2. Referral website					
b. Rules of operation	1	1			
c. CDMX geo-reference electronic platform					
d. Atrévete a emprender-Youth Entrepreneurship	1	1		344	589
2. Federal government SME impact					
a. INADEM Evaluation manual / guidelines			1		
b. Re-design rules of operation and impact evaluation	1	1			
c. Economic Development Agency (includes entrepreneurship mapping)					
d. Innovation programs criteria - CONACYT	1			30	39
3. Public sector promotes productivity					
a. Aligning public policy programs to productivity			1	19	45
b. MUSEIC					
c. Value chains					
1. VC policy reforms	1			17	41
2. Textile platform					
3. Energy sector supplier program					
d. PPPs for innovation					
1. Jalisco portfolio					
2. FONDESO clean energy accelerator					
4. Local economic reactivation					
a. SME cost reduction strategies					
b. Economic reactivation of marginalized areas					
1. Monterrey cluster					
2. SEGOB policy					
Outcome 2 - Business procedures					
5. Streamlining procedures					
a. Empresa al instante	1				
b. Local regulations – MiNegocio			1	13	27

¹ Legacy Program 1 (LP1): Number of new or modified laws, regulations, programs, rules of operation, or open data mechanisms affecting Mexico's economic competitiveness endorsed or implemented by Mexico government agency

² Legacy Program 2 (LP2): Number of mechanisms adopted to improve institutional capacity of a government in Mexico or subnational government agency

³ Legacy Program 3 (LP3): Number of individuals -from GOM, subnational governments, or the private sector- trained to improve economic governance

<i>c. Public notary reform</i>					
<i>d. Morelos property rights</i>					
6. High impact entrepreneurship					
<i>a. Obstacles to high impact SMEs</i>				75	113
<i>b. Patenting centers network</i>					
Outcome 3 - Competition					
7. Procurement reform and innovation					
<i>a. Public works toolkit</i>					
<i>b. ICT goods & services</i> <i>1. Digital procurement for Retos Publicos</i> <i>2. Technology enablers</i>	1				
<i>c. IMSS pricing analysis</i>					
<i>d. Transparency and efficiency in CDMX Airport</i>				126	223
8. Regulatory capacity					
<i>a. COFECE strategy (includes investigation unit)</i>			1	64	39
<i>b. Finance sector analysis</i>	1	1			
<i>c. State sectoral analysis</i>					
<i>d. Judicial/regulator diplomado</i>				22	32
<i>e. Competition Alliance</i>				288	179
<i>f. Liquid fuel retail</i>					
Outcome 4 - Business Financing					
9. Innovative financing for SMEs					
<i>a. Equity investment</i> <i>1. Stock market inclusion</i> <i>2. Expat Investment Fund</i> <i>3. Loan guarantee mechanism</i>					
<i>b. CDMX Seed capital fund</i>					
Outcome 5 - Commercial Transactions					
10. Secured transactions					
<i>a. Operationalizing guarantees</i>					
<i>b. Liquidation and recovery of struggling businesses</i>					
11. Financial inclusion					
<i>a. Increasing electronic transactions</i>					
<i>b. Harmonizing US and Mexican credit bureaus</i>					
Outcome 6 - Digital Government and Open Data					
12. Open data ecosystem					
<i>a. Red México Abierto</i>				415	227
TOTAL	8	4	6	1413	1554
APPLICATIONS (Cross-Cutting indicator)	2				

OVERALL TARGET ACHIEVEMENT TO DATE – SEPTEMBER 30, 2015

LP1: Policies (only endorsed)	8 of 14
LP2: Institutional Capacity Mechanism	6 of 8
Applications (software applications launched)	2 of 6
LP3: Total Training	2,967 of 2,400
Men trained	1,554
Women trained	1,413

ANNEX 3: Training

DATES From-To		LOCATION	COURSE / EVENT	AUDIENCE SIZE	MALE	FEMALE
6/Jul/15	12/Jul/15	Mexico City	Tools on Data Analysis to Improve Public Procurement Strategies	22	14	8
30/Jul/15	30/Jul/15	Mexico City	<i>Atrévete a Emprender</i> FUN Night	648	432	216
12/Aug/15	13/Aug/15	Mexico City	<i>Atrévete a Emprender</i> Pitch Day	88	55	33
25/Aug/15	25/Aug/15	Mexico City	<i>Atrévete a Emprender</i> Pitch Day	21	13	8
26/Aug/15	26/Aug/15	Mexico City	<i>Atrévete a Emprender</i> Pitch Day	19	11	8
27/Aug/15	27/Aug/15	Mexico City	<i>Atrévete a Emprender</i> Pitch Day	5	4	1
TOTAL				803	529	274

ANNEX 4: Deliverable Datasheets

Title of Deliverable	Activity Name
<p><i>Rediseño del Fideicomiso para el Desarrollo de Proveedores Nacionales para la Industria Energética</i> <i>(Redesign of Trust Fund for the Development of National Suppliers in the Energy Industry)</i></p> <p>2 of 3</p>	<p>Public Sector Improves Productivity Value Chains: Energy Sector Supplier Program</p>
Abstract	Counterpart
<p>Context: Mexico's recent energy reforms changed the legal framework for public funding, especially by opening the sector to the private sector. In 2014, Congress modified electricity and hydrocarbons legislation to transform an existing energy sector trust fund to focus on supplier and contractor development. The deliverable includes a diagnosis of the actual trust fund, complementary public programs targeting the energy sector, and international best practices:</p> <ul style="list-style-type: none"> • Main challenges for suppliers in the sector are: <ul style="list-style-type: none"> ○ Internal: production process, financing, management, technology, and human capital ○ Supply chains: terms of recruitment, uncertainty, and chains dynamic ○ Industry: rule of law, insecurity, infrastructure, and environment • Opportunity areas in trust fund: <ul style="list-style-type: none"> ○ Design: no diagnosis available to measure the barriers of supply chains in the industry, targeting population is no defined, financial products are not exclusive for the trust fund, private and academic sector are not members of the technical committee ○ Operation: provision of resources to beneficiaries is not efficient, intermediate bodies receive no remuneration for their services, projects are not a necessity of anchor companies ○ No transparency in intermediate bodies selection ○ No mechanisms to monitor and evaluate resources allocated • 24 Mexican federal government programs are complementary to the trust fund • International best practices in: <ul style="list-style-type: none"> ○ Trust funds: Economic and Social Stability Fund (Chile): transparent management of resources ○ Oil sector funds: Demo 2000 (Norway): technology development strengthening, project assignation involves private sector at all stages, supports specific and previously defined activities ○ Electricity sector funds: Smart Grid Investment Grant (USA): focuses in big investment projects, tracks reports periodically <p>Keywords: trust fund, supply chains, intermediate bodies, transparent, Demo 2000</p>	Ministry of Economy (SE)
	MEPP Partner/ Author
	C230 / Abt
	Date Written/ Completed
	July 2015

Title of Deliverable	Activity Name
<p><i>Rediseño del Fideicomiso para el Desarrollo de Proveedores Nacionales para la Industria Energética</i> <i>(Redesign of Trust Fund for the Development of National Suppliers in the Energy Industry)</i></p> <p>3 of 3</p>	<p>Public Sector Improves Productivity Value Chains: Energy Sector Supplier Program</p>
Abstract	Counterpart
<p>Context: Mexico's recent energy reforms changed the legal framework for public funding, especially by opening the sector to the private sector. In 2014, Congress modified electricity and hydrocarbons legislation to transform an existing energy sector trust fund to focus on supplier and contractor development. The deliverable includes a proposal for the trust fund processes and organization:</p> <ul style="list-style-type: none"> • Trust fund should support projects according to their respective objective, into three categories: integrated, industry standards, and territorial development • Each category should have a clear scheduling process • Based on the project amount and complexity, different types of applications, management and monitoring standards are required • Monitoring and evaluation should be based on objectives, which should be defined since the project design • Integrated projects support activities and sub-sectors with strategic value in their value chain • Industry standards should support projects that allow suppliers comply with international standards • Territorial development support should come from local governments <p>Keywords: trust fund, supply chains, integrated projects, industry standards, territorial development</p>	<p>Ministry of Economy (SE)</p>
	<p>MEPP Partner/ Author</p>
	<p>C230 / Abt</p>
	<p>Date Written/ Completed</p> <p>September 2015</p>

Title of Deliverable	Activity Name
<p><i>Presupuestos plurianuales para programas de apoyo al sector privado</i> <i>(Multi-year budgeting for programs to promote private sector development)</i></p>	<p>Public Sector Improves Productivity <i>Aligning public programs to productivity</i></p>
Abstract	Counterpart
<p>Context: According to OECD, Mexico ranks number 25 from 29 countries in the medium –term budget perspective index. A medium-term expenditure framework signals the direction of policy and funding changes and give actors a time to adjust. The deliverable explores and deepens in medium term tools in public expenditure, international experience and best practices, and Mexico's public expenditure formulation analyzing national programs targeting the private sector:</p> <ul style="list-style-type: none"> • Annual public budgeting planning generates political pressure and interests. • Medium-term expenditure allows public policies be created considering a medium-term impact adjusted to fiscal targets and sectorial priorities. • In Chile and Holland independent agencies estimate macroeconomic impact on public budgeting planning, and in Sweden budget estimation is elaborated by independent institutions. • A medium-term expenditure framework should: <ul style="list-style-type: none"> ○ Estimate in year zero public policy costs and for year one, two and three calculate projections on income, expending and fiscal balance ○ Set objectives, review existing programs and develop new ones, and estimate costs in cooperation with the Ministry of Finance and involved government agencies ○ Monitoring expending with indicators as instruments to measure performance • Public programs to support private sector should consider the product life cycle of a company (greater than one year); best practices in programs include SBIR (United States), SME Instrument (European Union), IDEA (Chile), and NIY (Finland). • Best practices for program budgeting should consider: ministries assignment, use of public expenditure, beneficiaries, transparency and accountability, and governance. • Mexico public budgeting formulation is annual, and does not include a multi-annual perspective for programs and agencies; the deliverable analyses in detail national programs focusing in expenditure practices and use ; concludes with recommendations for a medium-term budget perspective. <p>Keywords: medium-term budget, expenditure, projections</p>	<p>Ministry of Finance (SHCP)</p>
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